

COMMISSION OF THE EUROPEAN COMMUNITIES

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COM(77) 703 final.

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HILLMANProposal for a
COUNCIL REGULATION (EEC)amending Regulation (EEC) No 2727/75 on the common organization of
the market in cerealsProposal for a
COUNCIL REGULATION (EEC)amending Regulation (EEC) No 1418/76 on the common organization of
the market in riceProposal for a
COUNCIL REGULATION (EEC)amending Regulation (EEC) No 2742/75 on production refunds in the
cereals and rice sectors

(submitted to the Council by the Commission)

COM(77) 703 final.

EXPLANATORY MEMORANDUM

The purpose of these three drafts is to reintroduce production refunds for maize groats and broken rice used for brewing and for quellnehl used in baking.

These refunds were suppressed for groats in August 1975 and for quellnehl in August 1974. The European Court of Justice has recently ruled that such suppression was contrary to the principles of equality and has charged the competent institutions to take the necessary steps to remedy the situation. The proposals have been drawn up with the court's ruling in mind.

It is proposed that the rates of production refund for maize used for the production of groats and meal intended for brewing, for broken rice intended for brewing and for maize and wheat used for the production of quellnehl intended for baking should respectively be the same as those available for maize, wheat or broken rice used for the production of starch.

The adoption of the proposed amendment to Regulation (EEC) No 2742/75 is dependent on the adoption by the Council of the proposed amendments to Regulations Nos (EEC) 2727/75 and 1418/76 which both require the Opinion of Parliament.

Proposal
COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 2727/75 on the common organisation of the
market in cereals

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and
in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas Council Regulation (EEC) No 2727/75 ¹⁾ of 29 October 1975 on the common organisation of the market in cereals, as last amended by Regulation (EEC) No 1386/77 ²⁾ provides in Article 11 for a discretionary production refund for certain products used for the manufacture of starch, of potato starch, or of glucose by direct hydrolysis; whereas starch may be in direct competition with quellmehl used in baking or with maize groats and meal used in brewing;

Whereas in its judgements in cases 117/76 and 16/77 and in cases 124/76 and 20/77, the Court of Justice considered it inconsistent with the principle of equality to grant a production refund in favour of certain products and not of others competing for the same outlets; whereas the Court of Justice held that it is for the competent institutions responsible for the common agricultural policy to take the necessary action;

Whereas the introduction of production refunds for the products in question constitutes a means of conforming with the Court's conclusions,

HAS ADOPTED THIS REGULATION:

.../...

1) OJ No L 281, 1.11.1975, p. 1.

2) OJ No L 158, 29. 6.1977, p. 1.

Article 1

Article 11 (1) of Regulation (EEC) No 2727/75 shall be replaced by the following:

"1. A production refund may be granted:

- (a) for maize and common wheat used in the Community for the manufacture of starch and of quellmehl intended for baking;
- (b) for potato starch;
- (c) for maize groats and meal used in the Community for the manufacture of glucose by direct hydrolysis;
- (d) for maize used in the maize industry for the manufacture of maize groats and meal (gritz) used by the brewing industry."

Article 2

This Regulation shall enter into force on 1 February 1978.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

Proposal

COUNCIL REGULATION (EEC)

in rice

THE COUNCIL OF THE EUROPEAN COMMUNITIES.

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof.

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas Council Regulation (EEC) No /77 of amending Regulation (EEC) No 2729/75 on the common organization of the market in cereals enables a production refund to be granted on maize used for the manufacture of groats and malt used in brewing;

Whereas such a production refund should also be available for broken rice used by the brewing industry for the production of beer, so as to give it the same advantages as starch and maize groats and meal.

THIS AFFECTED THIS REGULATION:

Article 1

Article 9 (1) of Council Regulation (EEC) No 1418/76 of 21 June 1976 on the common organization of the market in rice⁽²⁾, is hereby amended to read as follows:

1. A production refund may be granted for broken rice used
- (a) in the manufacture of starch
 - (b) by the brewing industry for the production of beer.

Article 2

This Regulation shall enter into force on 1 February 1978.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President

COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 2742/75 on production refunds in the cereals
and rice sectors

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organisation of the market in cereals ¹⁾, as last amended by Regulation (EEC) No 1386/77 ²⁾, and in particular Article 11 (3) thereof,

Having regard to Council Regulation (EEC) No 1418/76 of 21 June 1976 on the common organisation of the market in rice ³⁾, as last amended by Regulation (EEC) 1158/77 ⁴⁾, and in particular Article 9 (2) thereof,

Having regard to the proposal from the Commission,

Whereas, in view of the possibility of substitution in baking between starch and quellmehl, the level of the refund to be granted on maize and common wheat used for the production of quellmehl destined for use in human food should be such as to achieve a balance between the cost of supplying the bakery industry with starch or quellmehl; whereas this objective would be achieved by fixing the production refund on maize and common wheat for the manufacture of quellmehl destined for use in baking at the same level as that fixed in Council Regulation (EEC) No 2742/75 on production refunds in the cereals and rice sectors ⁵⁾, as last amended by Regulation (EEC) No 2139/77 ⁶⁾, for the production of starch from maize or common wheat;

Whereas in view of the possibility of substitution in the production of beer between starch on the one hand and maize groats and meal and broken rice on the other, the level of the production refund to be granted on maize used by the maize industry in the manufacture of groats and meal for use by the brewing industry in the production of beer, and on broken rice used for the same purpose should be such as to achieve a balance between the cost of supplying the brewing industry with either starch, maize groats and meal or broken rice; whereas this objective would be achieved by fixing the refund on maize for the manufacture of groats and meal at the same level as the refund on maize for the manufacture of starch and, also, by fixing the refund on broken rice used for brewing at the same level as the refund on broken rice for the manufacture of starch,

1) OJ No L 281, 1.11.1975, p. 1.

2) OJ No

3) OJ No L 166, 25. 6.1976, p. 1.

4) OJ No

5) OJ No L 281, 1.11.1975, p. 57.

6) OJ No L 249, 30. 9.1977, p. 1.

HAS ADOPTED THIS REGULATION:

Article 1

Article 1 of Regulation (EEC) No 2742/75 is hereby amended to read as follows:

"Article 1

1. Member States shall grant a production refund on maize for the manufacture of starch and of quellmehl destined for use in the bakery industry of 17 units of account per tonne.
2. Member States shall grant a production refund on common wheat for the manufacture of starch and of quellmehl destined for use in the bakery industry of 24,29 units of account per tonne.
3. Member States shall grant a production refund on broken rice for the manufacture of starch 20,89 units of account per tonne."

Article 2

Articles 4 and 5 of Regulation (EEC) No 2742/75 shall read as follows:

"Article 4

1. Member States shall grant a production refund on maize groats and meal for the manufacture of glucose under subheading 17.02 B II of the Common Customs Tariff ¹⁾ by the process known as direct hydrolysis. The production refund per tonne of maize groats and meal so used shall be 20,91 units of account.
2. Member States shall grant a production refund of 17,00 units of account per tonne of maize used by the maize industry for the manufacture of groats and meal used by the brewing industry in the production of beer.
3. Member States shall grant a production refund of 20,89 units of account per tonne of broken rice used by the brewing industry in the production of beer.

Article 5

Member States shall take all necessary measures to ensure that the refunds referred to in Article 4 relating to maize groats and meal and to broken rice and in Article 1 relating to quellmehl shall be limited to the quantities of maize groats and meal, broken rice and quellmehl actually used in the Community, as the case may be, by the brewing industry for the production of beer, by the glucose industry, or by the baking industry."

Article 3

This Regulation shall enter into force on 1 February 1978.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

FINANCIAL STATEMENT

DATE : 28.11.77

1. BUDGET LINE CONCERNED : 6012,6110 (production refunds).

2. ACTION : Draft Council Regulation amending Regulation 2727/75 and 1418/76 on the common market arrangements for cereals and rice and Regulation 2742/75 on production refunds in the cereals and rice sectors.

3. LEGAL BASIS : Judgement of the Court of Justice of 19.10.77 and Article 43.

4. OBJECTIVES : Reintroduction of production refunds for maize groats and cereal and broken rice, used for brewery and for maize and common wheat used for the production of quellmehl.

| 5. FINANCIAL CONSEQUENCE | FOR THE MARKETING YEAR | CURRENT FINANCIAL YEAR | FOLLOWING FINANCIAL YEAR |
|--|------------------------|------------------------|--------------------------|
| 5.0 EXPENDITURE | | () | () |
| -CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) | 5,7 mio. u.a. | 5,7 mio. u.a. | 5,7 mio. u.a. |
| -CHARGED TO NATIONAL ADMINISTR. | | | |
| -CHARGED TO OTHER NATIONAL GROUPS | | | |
| 5.1 RECEIPTS | | | |
| -OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) | | | |
| -NATIONAL | | | |

5.0.3 PLURIANNUAL PATTERN OF EXPENDITURE YEAR ...1980..... YEAR1981..... YEAR1982.....
 5,7 mio. u.a. 5,7 mio. u.a. 5,7 mio. u.a.

5.1.1 PLURIANNUAL PATTERN OF RECEIPTS

5.2 METHOD OF CALCULATION

| | | | |
|---------------------|-------------------------|---|-------------------------------|
| Maize for groats | 420.000 t x 17 u.a./t. | = | 7,14 Muc |
| Wheat for quellmehl | 15.000 t x 24,29 u.a./t | = | 0,36 Muc |
| Maize for quellmehl | 10.000 t x 17,00 u.a./t | = | 0,17 Muc |
| Broken Rice | 50.000 t x 20,89 u.a./t | = | 1,05 Muc |
| | | | <u>8,72 Muc</u> ¹⁾ |

6.0 FINANCING POSSIBLE WITH CREDITS INSCRIBED IN RELEVANT CHAPTER OF CURRENT BUDGET ? YES/NO

6.1 FINANCING POSSIBLE BY TRANSFER BETWEEN CHAPTERS OF CURRENT BUDGET ? YES

6.2 NECESSITY FOR A SUPPLEMENTARY BUDGET ? YES

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ? YES/NO

COMMENTS :

- 1) The reintroduction of production refunds for groats would lead to some substitution of starch. Consequently, expenditure on production refunds for starch could fall. The effect of this is estimated at about 3 mio. the net increase is estimated at 5.7 mio. u.a.